Category of UCBs Investment in Govt, and other approved securities as a percentage of Net Demand and Time Liabilities (NDTL)

	Prior to March 31, 2002	To achieve on or before March 31, 2002	to achieve by September 30, 2002	After April 1, 2003
Non-scheduled UCBs				
(i) With NDTL of Rs. 25 crores & above	10%	12.5%	15%	15%
(ii) With NDTL of less than Rs. 25 crore	Nil	7.5%	10%	10%

As indicated above, the UCBs were given adequate time to switch over from the deposits with DCCBs/SCBs to Government securities. As on December 26,2003,1139 banks have complied with RBI's instructions relating to investment in Government Securities. In view of the systemic risk involved, a modification or the above guidelines has not been found feasible at this stage.

India Sovereign Bonds

2126. SHRI DATTA MEGHE: Will the Minister of FINANCE be pleased to state:

(a) Whether Government propose to explore fresh investment avenues for growth in India;

(b) If so, whether Government propose to raise $ 5 million from overseas markets in the form of India Sovereign Bonds;

(c) if so, the details thereof;

(d) the salient features of the proposed Indian Sovereign Bonds; and

(e) the manner in which the proposed funds are likely to be used?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) No Sir.

(c) to (e) Do not arise.

Assistance to Karnataka by NABARD

2127. SHRI B.K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) the details of the financial assistance provided by NABARD to Karnataka during the last three years, year-wise and district-wise;

(b) the areas where investment has been made and the extent thereof;

(c) whether there has been a continuous fall in the disbursement of loans under Rural Infrastructure Development Fund (RIDF) by NABARD despite increase in the fund every year;

(d) if so, the reasons therefor; and

(e) the steps taken by Government to raise RIDF?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) The information is being collected and, to the extent available, will be placed on the Table of the House.

Closure of Banks

† 2128. SHRIMATI KUM KUM RAI: Will the Minister of FINANCE be pleased to state:

(a) the number of banks, like Global Trust Bank, in the country which are either on the verge of closure or merger with another bank;

(b) the lessons drawn by RBI from the incident of Global Trust Bank; and

(c) the precautions to be observed by the public for making investment in private banking sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The performance of different banks is kept under review on a continued basis by Reserve Bank of India as a regulator to ensure safety of the funds deposited/invested in these banks by depositors and shareholders. The merger of the bank with another bank is done as a last option in order to protect the interests of all the stakeholders and not as a matter of routine. This is done by RBI in accordance with statutes prescribed for the purpose in the Banking Regulation Act, 1949. In order to avoid recurrence of such failures and to protect banking in private sector, RBI has taken several steps which *inter-alia* includes introduction of off-site monitoring system and strengthening of the supervisory framework/Risk Based Supervision for banks, introduction of capital adequacy standards on the lines of the Basel norms, prudential norms on asset classification, income recognition and provisioning, introduction of valuation norms and capital for market risk for investment, enhancing transparency and disclosure requirements for published accounts, aligning exposure/Capital market Exposure norms, and introduction of a framework for prompt corrective action.

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†Original notice of the question was received in Hindi.